

Commercial Combined (SME) - Risk Managed

Scope

This document is designed to offer a high-level overview of the intended target market for this product. It is not intended to serve as a summary of the coverage provided. For comprehensive information regarding the product's coverage, please refer to the relevant policy documentation. This document also evaluates whether the product delivers fair value to customers by assessing its features, benefits, pricing and distribution methods.

Target Market Statement

Product Type

This is a commercial combined insurance product for commercial customers domiciled in the United Kingdom, Channel Islands or Isle of Man, who require protection for their assets and liabilities.

Characteristics of the target market (who is the product designed for?)

This product is targeted to small/medium enterprises and mid-corporate commercial businesses operating in the following industry sectors:

- Manufacturing.
- Wholesale and Distribution.
- Retail.
- Professional Services Providers.
- Leisure, Health and Wellbeing.

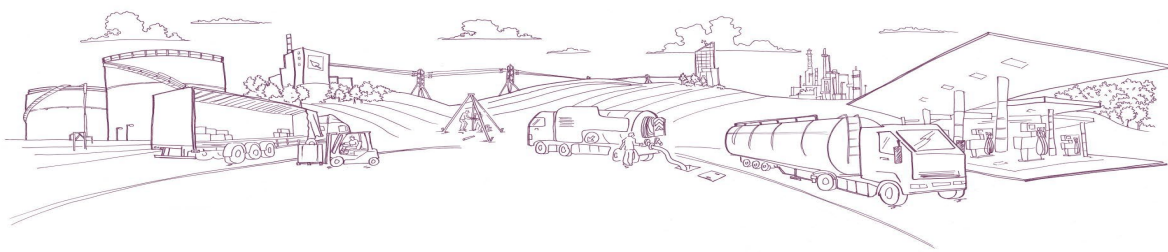
Cover is provided to customers with an annual turnover of between £100,000 and £25,000,000.

This product is suitable for vulnerable customers, but it should be distributed via an intermediary that can provide any additional support needed.

Objectives, needs and interests of the target market (considering the key features and benefits of the product)

This product provides customers with the following features and benefits where selected:

- **Material Damage:** Cover for accidental loss or damage to property insured at the premises or whilst in transit, including property at exhibitions or temporarily away from the premises.
- **Business Interruption:** Cover for loss of profit or increased costs of working following an insured material damage claim at the customer's site, their supplier's site or their own customer's site.



- **Money & Assault:** Cover for loss of money, including cash and cross cheques including an assault on an employee during a theft of or attempted theft of the customer's money.
- **Employer's Liability:** Cover for legal liability to pay compensatory damages, including fees and expenses, for injuries to employees during their employment.
- **Public Liability:** Cover for legal liability arising from accidental injury or damage to third-parties or third-party property.
- **Products Liability:** Cover for liability arising out of accidental injury or damage caused by products supplied by the business.
- **Contractors' 'All Risks':** Cover for accidental loss or damage to contract works at contract sites including constructional plant, tools and equipment.
- **Goods in Transit:** Cover for accidental loss or damage to goods or merchandise related to the business whilst in transit within the United Kingdom, Channel Islands or Isle of Man.
- **Fidelity Guarantee:** Cover for loss of money or goods due to theft by an employee or employees.
- **Terrorism:** Cover for accidental loss or damage to property insured at the premises and loss of profit or increased costs of working following an act of terrorism.

In addition, **Legal Expenses** cover is automatically included. This provides cover for the costs of legal action or advice for a range of situations such as employment disputes, criminal prosecutions, contract disputes and tenancy disputes.

Specifically, customers will benefit from the following:

- Modular sections of the policy to meet their specific needs.
- Access to an online risk management portal called Pen Risk Solutions.
- 24/7/365 environmental helpline.
- Legal advice, tax advice and counselling helplines.

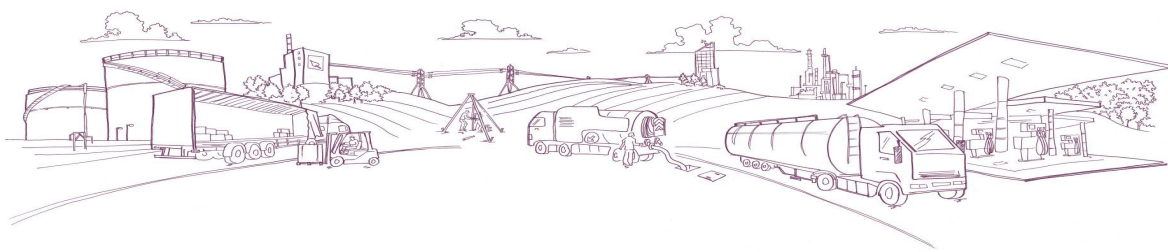
Plus, where selected, cover is provided for:

- Pollution clean-up costs up to £100,000 for a sudden and unforeseen event.
- Business interruption extension up to £100,000 for failure of a public utility supply or denial of access to the customer's premises due to damage in the vicinity.

Who is this product not designed for?

This product is not targeted to:

- Any customer domiciled outside of the United Kingdom, Channel Islands or Isle of Man.
- Customers involved in the industries as listed below:
 - Asbestos product manufacturers or removers.



How do we expect this product to be distributed?

This product should be sold with the active assistance and guidance of an insurance intermediary with whom Pen has an agency, to select the appropriate level of cover. The product will only be distributed through brokers who have an agency agreement with Pen, and it will not be distributed directly by Pen to customers.

This product is suitable to be distributed via a variety of intermediated sales channels, such as face to face, telephone, email or by postal application.

Consideration should be given to the vulnerability of customers by the intermediary who should provide any appropriate support they may need.

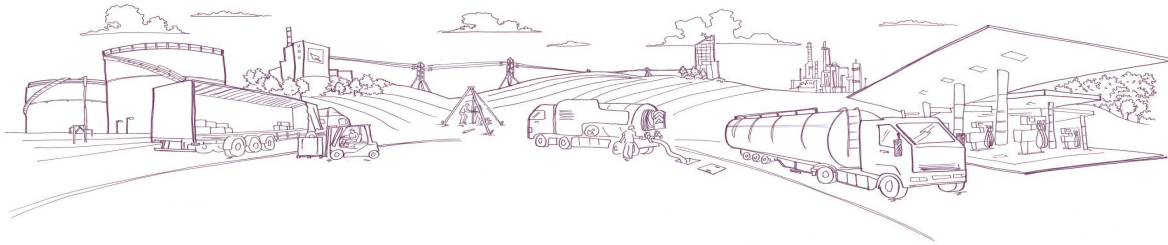
Product Approval Process

Pen's product approval process is in place to ensure that there is appropriate oversight of all products where Pen is either a co-manufacturer or a distributor. The process includes a risk assessment process where due consideration is given to the impact of the product on the target market and the value of the product.

A diagram of Pen's product approval process can be found on the Pen website [here](#).

Important Information

This target market statement should be used by all (co-)manufacturers and distributors of this product. (Co-)manufacturers and distributors should not create their own variation of this document. Where any party using this document has concerns about the accuracy or completeness of the information included, this should be raised to Pen urgently for discussion.



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Fair Value Assessment

Product Fair Value Outcome – Methodology

Pen has completed a Fair Value Assessment on products we co-manufacture. This is based on groupings of products which may be similar in features and are intended to be distributed to similar target markets.

This Product Fair Value Outcome Statement is not intended to replicate our Fair Value Assessment but sets out the approach taken and the outcome of the assessment.

Distributor Remuneration

Pen agrees commission rates with each distributor and as part of the fair value assessment process has requested details of any additional fees that may be added in the distribution chain. The fee details received have been analysed and if Pen considers these could impact the value of the product this would be raised directly with distributors.

All distributors should be able to:

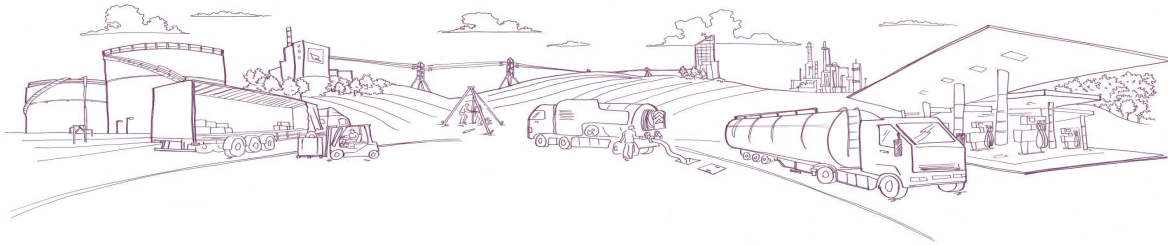
- Confirm annually that the commissions and fees they charge are reasonable relative to the service(s) they provide and the total cost of the product to the customer; and
- Justify that commissions and fees they charge are fair and support the intended value of the product.

How Pen Assesses Value

Pen's product governance and oversight process requires a full review of all product groups at least annually to determine if the product offers fair value to the customer.

These reviews consider the following areas:

Target market	• Target market reviewed to ensure the product meets the needs of the customer and will continue to do so for the life of the product • Identify the impact on vulnerable customers where applicable
Distribution strategy	• Appropriateness of the distribution channel, services offered and remuneration • Remuneration does not negatively impact the overall value offered by the product
Market assessment	• Market scrutiny to ensure the product aligns with current market trends
Product design/lifecycle	• Pricing • Regulatory requirements



	• Product documentation • Performance of the product • Product changes
Customer journey	• Quality Assurance • Feedback from distribution
Claims	• Frequency and trends • Loss ratio trends
Complaints	• Feedback is reviewed to ensure the product continues to offer good benefit for customers • Reasons for complaints and volumes • Outcomes of complaints: whether or not they are upheld • Identification of trends and root causes • Redress payments: volume and timescales • Financial Ombudsman Service: volume and outcomes

What are the distributor value considerations?

We expect all distributors in the chain to consider the following when selling Pen's products:

- The impact on product value of offering other products alongside this one, especially those with proportionally greater remuneration. For example, an ancillary product, elements of which may duplicate existing cover, or premium finance charged at an elevated rate of Annual Percentage Rate (APR).
- Additional commission, fees or charges added as part of distribution processes must be proportionate to the service provided, in line with those charged elsewhere, and not affect the overall value offered by the product.
- Distributors must ensure there is no duplication of cover as a result of any add-on products sold, including premium finance cover, where appropriate cover is already provided by the policy.
- Distributors should consider the Consumer Duty requirements when dealing with policyholders.

Fair Value Assessment Outcome

Pen has considered all relevant factors, including the total price paid by the customer, value MI, distribution and other considerations in this product design.

Pen is satisfied that the product continues to provide fair value to customers and is suitable to continue to be distributed to the identified target market.

Valid From	16/07/2026
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